INTEREST LOST: THE RISE AND FALL OF A BALANCED SCORECARD PROJECT IN SRI LANKA

Danture Wickramasinghe, Tharusha Gooneratne and J.A.S.K. Jayakody

ABSTRACT

This paper illustrates a story of "rise and fall" of a Balanced Scorecard (BSC) project in a Sri Lankan firm. The "rise" was due to a series of attempts made by CIMA (SL) for popularising BSC practice among business leaders and local consultants, and the "fall" was due to professional rivalry between engineering managers and accounting personnel and the decline of interest on the part of the owner-manager. In relation to these two opposing phenomena, the paper shows how and why the firm first receives the BSC project as a useful management system device, and later, how and why the management tends to undermine the use of BSC. The argument advanced is that the popularisation of BSC is part of a project of accounting knowledge diffusion which comes through the broader globalisation process, but the failure in sustaining BSC is due to the upsurge of professional rivalry and the rise of alternative management fads and the owner-manager's inclination to look at financial

Envisioning a New Accountability
Advances in Public Interest Accounting, Volume 13, 237–271

ISSN: 1041-7060/doi:10.1016/S1041-7060(07)13009-1

matters, rather than a BSC, as a basis for the appropriation of surplus. The underlying public interest implication is that even though globalisation project seems to be functional and positive, it provokes contradictions and resistance when new accounting knowledge is diffused from the centre to the periphery.

INTRODUCTION

Two main questions underlie this paper. How are the "new" management accounting techniques diffused from the centre to a particular periphery? How does a peripheral context react to the implementation of one such technique? It has now become apparent that "new" management accounting techniques, such as the balanced scorecard (BSC) and activity-based costing (ABC) are turning out to be global expert systems (see Jones & Dugdale, 2002; Ax & Bjornenak, 2005). In relation to the development of these expert systems, business schools, consultants, business media and accounting professional bodies play a constitutive role (see Major & Hopper, 2005). The integrated efforts of these parties become a powerful centre influencing the peripheries in implementing ensuing "new" management techniques. This seems to be an inevitable outcome of globalisation which entails a sequential process for interconnecting the world, along with the dimensions of extensity, velocity and impact (Poullaos, 2004). Through globalisation, new techniques of management accounting are now being diffused not only in Anglo-Saxon countries but also in others too (see Ax & Bjornenak, 2005). The world of management accounting practices is, it is argued, now becoming "small" through various converging efforts (see Granlund & Lukka, 1998). If the global forces and local actions can smoothly and positively affect management accounting practices within local enterprises, then there is no question about the effects of globalisation.

However, there is a public interest question. Whilst accepting that globalisation has been prone to intensifying the power of the centre towards the use of global practices such as "new" accounting techniques, it has been shown that globalisation is far from uniform and unidirectional (Hirst & Thompson, 1999; Held, McGrew, Goldblatt, & Perraton, 1999). The relationship between the global and the local is contradictory and aggravates resistance (Boyce, 2002). Despite its apparent solidarity and certainty, global expert knowledge often seems to be seen as an untrustworthy system for its fragility, partiality and temporality (see Jones & Dugdale, 2002). New management accounting techniques become vulnerable to operational

failures as they are disturbed by mistrust and rivalries, on the one hand, and design faults and technical complexities, on the other. The former issues are more akin to inherent characteristics of local contexts, and the latter are related to the problems of techniques themselves. The whole point is that there is a public interest issue as to whether or not these global expert systems can bring economic, social and political prosperity, especially when the physical, socio-economic and cultural distance between the global and the local is too great.

Despite similar issues (as we see below) having been addressed in the recent accounting literature, we have little understanding of how "new" accounting techniques confront problems when they are transferred to a remote periphery. Jones and Dugdale (2002) explore the rise of ABC through a detailed examination of how consultants, business schools and academia constructed networks for diffusing the technique. However, this work did not focus on the contextual ramifications in the non-Anglo-Saxon world. Focusing on weaker nations within the advanced West, Caramanis (2002) examines how international politics and economics remain inextricably linked to the regulation of accounting. This is an important guide to a study in a developing country, but issues in management control are not within its scope. Poullaos (2004) engages in a review of the literature on globalisation to see how this would enhance the critical accounting project. However, its focus was on the "empire" building in the West and its impacts on the university trying to do critical research in accounting. Nevertheless, this study helps understand how and why critical research could be done within globalisation. Lehman (2005) argues that, within the global context, human agency and accountability cannot be understood through abstract neatness and theoretical simplicity. Rather, it is important not only to celebrate global difference but also to address crucial issues of identity, culture and belonging. Again, this is unconcerned with any control practice within organisations. Gallhofer and Haslam (2006) argue that, despite the presence of struggles, within the context of globalisation, accounting can be seen as a positive potentiality. This helps understand not only the problematic but also the possibility of accounting. Its focus is, however, accounting in general rather than the implications for management controls. Finally, Ax and Bjornenak (2005) illustrate a case study on BSC to show how the technique is bundled together and diffused to a Scandinavian context. This leads us to investigate a similar event within a developing country.

In relation to the questions of diffusion of BSC from the "centre" in the West to the periphery in the East and the reaction of the peripheral context, we explore some of the issues by undertaking a study examining and illustrating the "rise and fall" of a BSC project implemented in a Sri Lankan firm which we call Alpha.[1] The "rise" was due to a series of attempts made by CIMA (SL), to popularise BSC practice in the country, and the "fall" was due to the decline of interest on the part of the owner-manager. In relation to these two opposing phenomena, the paper shows how and why the firm first receives the BSC project as a useful management system device, and later, how and why the management tends to undermine the use of BSC. The argument advanced in the paper is that the popularisation of BSC is part of the project of accounting knowledge diffusion which is aimed at corporate bodies, but the failure in sustaining BSC is due to the upsurge of professional rivalries between engineering managers and accounting personnel and the rise of alternative management fads and the owner-manager's inclination to look at financial matters rather than a BSC, as a basis for the appropriation of surplus.

The initial impetus for writing this paper stemmed from supervising a group of MBA students. They carried out a study in July 2001 on how Alpha was using the BSC as a system of management control. To the students, Alpha was actively engaged in devising strategies, in linking them to operational targets and in evaluating performance accordingly. Also, Alpha was one of the pioneering Sri Lankan firms implementing BSC, and the project there appeared to be successful. Having been impressed by this initiative, we later decided to conduct an in-depth study at Alpha to see whether this initial success had been sustained. We secured access in October 2003 and had an initial 2-h interview with the Group Finance Director (GFD). Our aim was to establish contacts with Alpha and to establish a general understanding of the organisational process in which BSC is being implemented. The GFD was cooperative, and we had a better general understanding of what is going on. This was followed by a second round interview with him in January 2004. What we found then was that initially (from 2000 to 2003) BSC was an "effective" system of management control, but later (from 2003 onwards) it had become "less important". Having become curious about this "rise and fall", as will be shown later, we pursued our investigation, conducting 21 interviews with key respondents who had "stories" to tell us. We continued this fieldwork until September 2004.

A recurring account, which emerged from the analysis, was that a set of factors had been linked to the "rise and fall". At the initial stage, the functional manager's understanding was that BSC was an effective system of management control. A type of triadic relation between the Managing Director (MD), GFD and a Foreign Consultant (FC) became a powerful

coalition from 2000, which preserved this understanding. The type of understanding was amenable to introducing a series of "management rules" by which managers became compelled to see "different perspectives", in place of mere financial outcomes. We were told that managers became "disciplined" to adapt to this new transformation of management control. We saw how BSC came to be a generator of these rules, and the appearance of adaptation to these rules became a managerial culture. The culture did not sustain that for long, however. The situation began to turn down to a dysfunctional trend from 2003 due to the development of mistrust between engineering managers and accounting personnel, which led to a professional rivalry. While this was so, the owner-manager realised that he needed to see the "bottom-line: profits and sales" rather than many "perspectives". In May 2003, he made the FC leave Alpha. Instead, another set of "managerial fads"[2] appeared. We discerned that the apparent shift in the organisational slogan from "BSC is an effective system of management control" to "BSC is less important" is due to the slogan of the realisation of the significance of "sales and profits" which determine the magnitude of the appropriation of surplus for the owners of the capital.

The reminder of the paper elaborates and analyses these two opposing phenomena. The next section presents a brief description of Alpha and a sketch of the research method adopted. This is followed by an account of the way the management accounting knowledge has been diffused in Sri Lanka, and of the claims made by these diffusers. The next two sections bring the stories of the "rise" and "fall" of BSC, respectively. The paper culminates in a conclusion, which remarks on the ways in which BSC confronts issues when the global knowledge approaches the local.

RESEARCH SITE AND RESEARCH METHOD

Research Site

Founded in 1984, Alpha is a local, medium-sized, family concern. Its ownership and control reside in the hands of two persons: the mother[3] and son. The son is the MD, the topmost. It appears that family concerns rather than formal managerial rationalities dominate the regime of management control. Operationally, Alpha is occupied in importing, manufacturing and sale of electrical accessories. The market is reasonably competitive, and the industry is quite attractive, especially under the market economic regime after a right-wing government came to power in 1977.

This firm is legally established as three related companies: one Holding Company in the heart of Colombo and two subsidiaries. Of the latter, one is involved in manufacturing in the Colombo suburbs and shares 75% of the firm's total employment. The other in the city of Colombo is involved in distribution: buying final products from the factory and selling them locally through a network of dealers. The financial reports of Alpha in the recent past indicate that the firm enjoys a commendable financial position through a constant record of profitable operations along with a healthier cash flow. Alpha has 400 employees, of which 300 are in manufacturing and distribution, and the remaining 100 are in administration and managing, 30 of them being senior managers.

The organisation structure of Alpha is formal, but interplayed with family concerns. In the organisational hierarchy of the holding company, the MD, the owner, is the topmost. Three subordinates report to the MD: the GFD – head of finance, Director Operations (DO) – head of the manufacturing company, and the CEO of the distribution company. Both manufacturing and distribution functions are vertically integrated, but as separate profit centres. Despite the hierarchical directions from the holding company, the two subsidiaries appear to be two stand-alone firms, being engaged in distinct activities under their own local organisation structures.

The manufacturing company is headed by the DO. Subordinated to him are: Plant Manager, MIS Manager, HR Manager, R&D Manager, Manager-Legal, Manager-Business Development and Finance Manager (FM). The Management Accountant based in the factory reports to the factory FM and, on some occasions, directly to the GFD in the holding company. The distribution company is headed by the Chief Executive Officer (CEO). Below in the hierarchy, there are three subordinates: Chief Finance Officer (CFO), the FM in the distribution company; Chief Operating Officer (COO) in charge of the sales activities; and Chief Marketing Officer (CMO) in charge of handling advertising and promotional activities. These managers are assisted by a sufficient number of staff.

One notable feature in this structure is that the functional areas are organised as separate companies rather than as departments or divisions. The relations between the companies are measured in profit terms, and measures of profitability are a significant factor in assessing the performance of each player. Also, this structure has resulted in a dual reporting situation, e.g. the FM in the distribution company needs to report to its CEO, as well as to the GFD. Similarly, the FM in the factory needs to report to the DO, as well as to the GFD.

Research Method

Two themes have emerged from our research questions (1) the effects of a global knowledge diffusion programme on a BSC project in Sri Lanka, and (2) the reactions of the organisational members to such a programme having an implication for some ontological assumptions, i.e. that global knowledge of accounting is diffused through the processes of network relations which form an "empire", and that the reactions from the periphery do not guarantee an institutionalisation of accounting as the "empire" expects. Despite the argument that particular ontological assumptions do not guarantee a particular epistemology for undertaking a piece of research (see Feyerabend, 1975; Morgan, 1983), we thought that the underlying issues demanded an understanding of social and organisational processes through which the BSC project was subject to its "rise and fall". Thus we adopted a qualitative methodology (e.g. Silverman, 2000) with a naturalistic approach (Tomkins & Groves, 1983a, 1983b) that became comfortable under the circumstances.(For details of interview protocols, see appendix). In this, we assumed a subjective ontology and a post-positivistic epistemology (Chua, 1986). This approach was somewhat relaxed and emerging. Initially, we did a basic exploration to see "what is going on", and then we engaged in an "inspection" towards a gradual but deeper understanding of the themes which emerged from the "exploration" (Blumer, 1978). Through this exercise, we came to know that the BSC project developed as an information processing system operated among managers rather than as a management control system aimed at controlling the labour. Thus we relied heavily on collecting and analysing data though interviews with senior managers, even though we considered other methods in conjunction with the interviews (see below). Overall, as with the "naturalistic approach", we believed in the views of actors, their shared meanings and our own interpretations about such views and meanings. In this, we valued not only the words and phrases of the actors but also their symbolic expressions and gestures. Based on these inputs, we tried to produce a text of actors' views, together with resultant narratives. These views and narratives reflect people's impressions stemming from "shared interpretations of 'labels' attached to people, things and situations" (Tomkins & Groves, 1983a, 1983b, p. 368).

In line with this epistemology, we relied heavily on the data collected mainly from the interviews with managers at Alpha. This was, however, supplemented by a content analysis of related documentation. The interviews were conducted with senior managers of the firm, with some officials of CIMA (SL), and with a few consultants who were involved in the "business" of BSC. The content analysis was undertaken on business and financial press and some conference proceedings.

We gained access to Alpha through a group of MBA students. These students had studied the BSC project at Alpha and presented their findings at a seminar. Impressed by these preliminary findings,[4] we approached the GFD for building interactions with the firm with a view to further exploring the implementation of BSC in Alpha. The cooperation extended by the top managers exceeded our expectations.

Twelve managers/directors participated in the interviews: 3 top managers/directors and 9 functional managers. The responding top managers were: GFDs. The functional managers were: Plant Manager, MIS Manager, HR Manager, FM, Management Accountant (Manufacturing), Management Accountant (Distribution), CFO, COO and the CMO. Although no chance was available for getting the interviews tape-recorded, we managed to take detailed notes during the interviews. The focal discussion was held with the GFD. Overall, cooperation rendered by all respondents proved invaluable.

We spent approximately 2 h on the first round interview with the GFD, and the purpose of this was to identify possible issues and difficulties in the implementation of the BSC. We then continued with similar investigations by arranging more interviews with other top managers. Soon after this round, two of us often sat down to discuss the findings. This led us to formulate a second round where we had a chance to unearth specific issues. This effort allowed us to prepare a lengthy document, accumulating interesting rich accounts on the notion of power. We then administered a third round of interviews, focusing on the issues of the decline of interest. Having completed the three rounds of interviews with top managers, we proceeded to collect more corroborative data from the interviews with the functional managers, where we spent from 30 to 45 min on each interview. As with the top managers, the same procedure was adopted to conduct three rounds of interviews. For all these to happen satisfactorily, our entire fieldwork ran from December 2003 to September 2004 (see Interview Protocols in appendix).

Moreover, we managed to collect data from three "experts" who have undertaken consultancy projects for the implementation of BSC in some other firms. The purpose of these interviews was not only to understand the nature of diffusion of the BSC in Sri Lanka, but also to validate the data collected from the firm. We raised questions around potential difficulties in the implementing the BSC in the context of Sri Lanka. We also collected more data (for validation purposes) from officials of a few institutions who were interested in BSC. We placed a particular emphasis on CIMA (SL), the major agency active in diffusing BSC in Sri Lanka, to collect such data.

DIFFUSION OF KNOWLEDGE

Production, Diffusion and Use of Knowledge

It is said that knowledge[5] is socially constructed (Kuhn, 1970; Feyerabend, 1975; Longino, 1990, cited in Williams & Rodgers, 1995). There are, on the one hand, producers and diffusers of knowledge who react to social requirements of the day (Bjornenak, 1997), and on the other hand, users of knowledge who carefully consider the usefulness of such knowledge in a particular local context (Longino, 1990). Longino asserts that scientific knowledge is social knowledge, in that it is socially created and socially used. To the extent that it is accepted by communities at the local level, knowledge is, Longino argues, a public resource. That said, knowledge would not become social unless the expectations of both producers (and diffusers) and users are matched. Until this "equilibrium" is formed, knowledge would be left alone as a normative conception (Merton, 1973). Thus the struggle to achieve the "equilibrium" is social, and the smooth diffusion of knowledge represents not only the power of producers/diffusers, but also the magnitude of inscription of such knowledge into the inspirations of users at the grass roots level. Knowledge, which has penetrated to this level, is sustained until users feel that "it is now useless".

It is also said that knowledge has power, for knowledge acts as the medium of achieving power, and power can be achieved through knowledge (Foucault, 1986). Through this interactive process, powerful bodies (they are powerful because of this action) such as governments, professional bodies, universities, etc. are keen, not only on the diffusion of knowledge, but also on the "policing" of such knowledge (Thompson, 1990). In relation to the choice of knowledge that is to be disseminated, these bodies tend to judge what is "good" and what is "bad" (Chomsky, 1989). Not only do these bodies make such judgements, but also use the medium of knowledge per se to strive for the process of diffusion. Law is, for example, such a medium, being used for policing knowledge of accounting (Mitchell, Sikka, & Wilmott, 2001). To the extent that diffusers act politically (Puxty & Tinker, 1995), knowledge is related to the politics of power which fabricates a kind of social relation between individuals and organisations.

Thus the diffusion of knowledge involves a social process by which innovative ideas and their rationalities are spread (Webster, 1971; Rogers, 1983). Through network relationships, such a social process enables the users of knowledge to learn those ideas and rationalities, to adapt them within a particular context or even to drop them, as they would not be relevant (Clegg, Hardy, & Nord, 1996). These networks are not neutral, however. Instead, they would be subject to the interests of leaders and the resistance of adopters (Webster, 1971; Bjornenak, 1997). Also, these networks are not formal per se. Instead, they would be loosely defined relations that produce new ideas and materials (Clegg et al., 1996). In particular, through such informal networks, organic arrangements and spontaneous collaborations might develop (Swan & Newell, 1995). So, not only "knowledge" but also the way it is diffused is socially determined.

Scientific knowledge and rationality inscribed in management accounting (the "science" of management accounting) is socially constructed. This "science" involves a series of innovations responding to social and economic requirements of different historical phases (Loft, 1986). Contemporaneously, this "science" is dominated by the innovations of Kaplan and his colleagues. What they contend is that conventional management accounting ill-suits the requirements of today's environment characterised by competition (Johnson & Kaplan, 1987). Rebuilding of the perceived decline of the nation's competition (Porter, 1985) has been a priority on social and political agendas (Miller & O'Leary, 1993). Responding to this social and political need, Kaplan's school not only introduced "innovative ideas" such as BSC and ABC but also extended this as a worldwide knowledge diffusion project. "An evening with Robert Kaplan" became an expensive social event diffusing the innovations of management accounting (Armstrong, 2002). This is not only the diffusion of management accounting knowledge, but also a contribution to the global function of capital (Armstrong, 1987) in that BSC, ABC, etc. can be employed as the devices for controlling the labour process worldwide. Discursive arrangements such as globalisation, liberalisation and privatisation, etc. are political and economic programmes conducive to this knowledge diffusion project.

DIFFUSION OF BSC IN SRI LANKA

Initiatives by CIMA (SL)

The diffusion of BSC in Sri Lanka has come through a particular programme for popularising the project of BSC led by the CIMA (SL). Through a network of relations and a series of professional workshops, CIMA (SL) has created ideological stimuli among the members of the business community, making them believe that BSC would be an effective management control technique. In this programme, CIMA (SL) became dominant. As professional bodies, other professional institutes such as the Institute of Chartered Accountants of Sri Lanka (ICASL), Chartered Institute of Marketing (CIM), Sri Lanka Institute of Marketing (SLIM), National Institute of Business Management (NIBM), Organisation of Professional Associations (OPA) and Ceylon Chamber of Commerce, have not shown much interest in BSC. The local business press revealed that these institutes believe that BSC does not fall into "their territory". As an accounting professional body, even ICASL has little involvement in popularising BSC. The president CIMA (SL) told us that it was CIMA that led the BSC project in the country.

In doing so, CIMA (SL) had attempted to popularise BSC not only among its members but also among the general business community, especially CEOs and senior managers. As will be discussed later, the history of BSC in Sri Lanka runs back to 1996–1997, just four years after the first article on BSC (Kaplan & Norton, 1992) appeared in *Harvard Business Review*. One of the initiatives was a seminar on "The BSC – Resolving Performance Conflicts" organised by the Management and Professional Development Committee of CIMA (CIMA Annual Report, 1997), which was held in October 1997, and conducted by Prof. R. Narayanaswamy, Indian Institute of Management, Bangalore (India). Though the profile of the participants is not clear, the seminar was attended by 45 managers. The Divisional Secretary, Mr. Rathnayake, told us that the initiative proceeded to an evening discussion in February 1998 on "Use of BSC and Benchmarking". The discussion was preceded by a guest speaker, Mr. Lal de Mel, MD at that time of Chemical Industries Colombo (CIC) Limited, and Mr. Rajinder Bandaranaike, the FM at CIC, facilitated the discussion. The session was attended by 33 participants.

By this time in 1998, as BSC was gaining appeal, we were told by the Divisional Secretary, CIMA (SL) wanted to launch the BSC project in a big way by inviting leading figures in the BSC area. In December 1998, Robert Kaplan thus made a visit. He was the guest of honour at the 10th anniversary celebrations of CIMA (SL); he conducted a series of seminars exclusively for CIMA (SL); and he delivered a lecture on "Corporate Performance Management: an Approach that Works" for over 80 CEOs and senior managers of leading companies who gathered on the morning of 2nd December 1998 at the Colombo Hilton. It was reported that the lecture extended into a thought provoking discussion. The anniversary lecture was on "Cost and Performance Measurement for the New Millennium". Kaplan took command at the Bandaranayake Memorial International Hall (a popular venue for international prestigious functions), in front of over 1,000 participants, consisting of CIMA members, academics, students and members of the business community. CIMA (SL) told us that this was the largest gathering that the division has ever entertained in its history.

We were also told that CIMA (SL) continued organising awareness programmes: three discussions on the "Balanced Scorecard" were held on 18th September and 18th December 2000, and 19th March 2001, attended by 12 organisations. Two well-known local consultants, Mr. Angelo Patrick (a Fellow member of CIMA) and Mr. Manilka Fernando (a chartered accountant), facilitated these sessions. In January 2003, as part of its professional development programmes, CIMA (SL) conducted a "knowledge enhancing" workshop for the business community under the theme "Financial Awareness for Non-Finance Managers". In this, BSC was an integral part, which was facilitated by Ms. Menaka Kirielle Bandara (ACMA), HR Manager, Ernst & Young, Colombo. The content included BSC.

Documents showed that there were other seminars held in 1999, 2000 and 2001, which targeted CIMA associate members and students. In May 1999, there was an evening discussion for which the theme was BSC. Mr. Dhanan Senathiraja, FCMA, Financial Controller, National Development Bank, attended as the guest speaker. The event was attended by over 150 participants. In August 1999, Mr. Allen Fell, Director, Allen Fell Consultancy Limited (UK), led a library discussion on "Using the BSC as a Measure of Performance" (CIMA (SL), Annual Report, 1999). The main focus of these discussions was questions pertaining to the CIMA examination. Again, BSC was the focal point. Year 2000 also witnessed another year of propagation. Margaret May, Consultant, Management Accountants in Practice (MAP) UK, gave a workshop on "Value Adding Tools & Techniques" which covered BSC, Shareholder Value and Benchmarking. This was part of a larger workshop with the theme "Transforming the Finance Function to add company-wide value". The workshop ran for three days in July at Hotel Galadari, Colombo. In January 2001, another library discussion on the implementation of BSC was conducted by Mr. Angelo Patrick, which focused on how the books available on the topic in the library could be used (CIMA (SL) Annual Report, 2001). All such seminars, on the one hand celebrated the usefulness of BSC and, on the other hand implied a universality attached to the concept.

A Complementarity

The above attempts at the propagation of BSC extended from the territory of CIMA (SL) to a few other territories of non-accounting professionals. Among them, the seminar conducted by SJMS Associates, an audit firm, for students

(company correspondence), the First Annual Research Sessions organised by MBA students of the Faculty of Graduate Studies, University of Colombo, and the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, Colombo, can be considered significant. Mr. Angelo M. Patrick, presently a Group Director of the Maharaja Organisation, Sri Lanka, served as a resource person at the first event, and shared his experiences with around 100 managers of being involved in the implementation of BSC in two companies. The programme was held in November 2003. At the second event, as part of their programme of studies, a few groups of MBA students "critically" reviewed the implementation of BSC in four Sri Lankan firms. With some evidence, the studies covered service as well as manufacturing, and local as well as multinational firms. In 2000, all MBA students of the PIM, Colombo, were required to submit a policy report on the Application of BSC in a sector of their choice. However, these studies aimed at proposing BSC as a new method to use, rather than studying the effects of the use of BSC in a given context. In 2003, Ms. Menaka Kirielle Bandara conducted a workshop for 40 examiners for the National Quality Award. The implementation of BSC became an essential criterion for considering candidates for the National Quality Award (Documentation, Ministry of Industries).

Nevertheless, the content analysis undertaken by us shows that neither professional magazines, business pages of newspapers, nor academic journals (published in Sri Lanka) have shown any interest in BSC. *Business Today*, a widely circulated business magazine had not yet published any single article around BSC during the period from 1998 to 2003. Only two papers appeared in the *Sri Lankan Journal of Management*, a local academic journal (see Fonseka, 2001, 2002). We explored whether BSC has been a topic in professional and academic conferences and research sessions. We considered the CIMA National Conferences, Annual Research Sessions organised by the Faculty of Commerce and Management Studies, University of Sri Jayewardenepura, and Annual Research Sessions organised by the Faculty of Management and Finance, University of Colombo. These were the widely attended professional and academic forums in Sri Lanka. Yet despite around 300 papers being presented between 1998 and 2003, no single paper was found on BSC.

Who Sustains?

Even though BSC has, by and large, attracted "other" professionals, the review of events such as seminars, workshops and research sessions, and the content analysis of business pages of newspapers, business magazines and refereed journals published in Sri Lanka show that BSC appears to be an "intellectual property" of CIMA (SL) and its members. CIMA (SL) appeared to be the only propagator of BSC, despite the fact that it has attempted to attract CEOs and professionals in other disciplines. Mr. Angelo M. Patrick who conducted a number of BSC awareness workshops said that though the BSC is a strategic planning tool, it is unfortunately spoken of only by accountants; ideally, it should be spoken of by all professionals. He continued: "If you organised workshop or seminar on these modern techniques, all sorts of managers may come and talk about it. But that's all. There is no such commitment to get it to happen in their organisations". He questioned: "Why have the accountants in Sri Lanka become the main group of managers who talk about the BSC?" According to Mr. Patrick, when we go back a few years and consider formal qualifications, there were fewer formal qualifications in the fields of marketing, HR, banking and insurance. The only formal qualification was in accounting, such as becoming a CIMA member. Mr. Patrick contended that this environment gave the leadership to accountants for the initiation of new management techniques, including BSC, so that BSC naturally became an accounting-led initiative. The more we talked to CIMA members, the more we found that people perceived BSC as an "accounting-only" initiative.[6]

This perception has profound implications for the attempts at making BSC a strategic tool. Even with such ground-breaking events, CIMA (SL) has failed to get BSC out from the management accountants" circle with a view to getting other professionals to accept BSC as a useful management system. As will be shown later, the CEOs and senior managers have not been attracted, or they do not show continuous interest in this project. Even though it is argued to be a "balanced" performance measurement system, no evidence has been advanced to say that it has attracted managers other than accountants. We saw how BSC became a project of the accountants (or more specifically management accountants) within and outside the organisation. It has emerged as a project to gain visibility, relevance and power for these accountants.

RISE OF BSC

MD's Interest and Recruitment of GFD

As a young industrial engineer, the MD had picked up the idea of the BSC from his further education at a university in the United States. This is one of the famous routes that many Sri Lankan entrepreneurs go along to pick up new ideas. Having a family business concern, wealthier parents send their children to Western countries for higher education where they seemingly pick up such ideas (see Jayawardana, 2000; Wickramasinghe & Hopper, 2004a). Upon the completion of a programme of study, the educated children naturally join their parents' business, as the MD did in Alpha. Alpha replicates the same story, having to indicate that one aspect of social relations within the organisation's control system is shaped by the power of "Western knowledge". Almost all respondents told us that the subordinates of the organisation structure have come to "respect" the MD on the grounds that not only is he the son of the owner, but he has also brought an "unprecedented piece of knowledge" which cannot be contested by the other subordinates. This has created an area of struggle within the Alpha's management control system: the struggle between the "foreign knowledge" and the position of professions. The Management Accountant (Manufacturing) said, "We are dependent on what the MD wants. Our task is to fulfil his hopes and expectations".

As the Head of Distribution commented, the MD had thought that the BSC project would be a sensible choice for systematising the family business, which had been running on an ad hoc basis. The business was just a business producing for an intended market, and the rules of practice stemmed from desirability by the owner-managers. This was a combination of family bureaucracy and ad hoc initiatives. Mintzberg (1983) termed such a form of organisation "adhocracy": an organisation enabled by "lack of formal structures and rules". Having been impressed by the Western organisational rationality, the MD had thought of deconstructing this "informality" by introducing the BSC model. The Head of Distribution said: "The MD wanted to make a change, to bring in all formal things possible, and to get rid of rules of thumb". Thus, it is clear this is not only a story of introducing BSC but also an attempt at making the organisation a formal, rational and professional entity. To this end, we presume that the MD must have taken the family consent for such a "radical move". As the GFD commented, doing something different, the MD believed, would prove to boost the performance of the business. With the MD's desperate desire to make things formal and to implement BSC, he had thought of hiring an accountant.

All respondents said that the accountant was recruited in the belief that he would be in charge of implementing the BSC project: at the interview by which he was recruited he was asked whether he could take this responsibility, and he joined the firm. He is middle-aged, bearing a double qualification

(Fellow Member of both the ICASL and Chartered Institute of Management Accountants UK), and is an active member on the Council of the CIMA (SL). He is also a member of the CIM. He was appointed as the GFD.[7] When we interviewed him, he indicated his own dedication to the implementation of this project. Also, he completely accepted the position taken by the MD, i.e. the need for making the organisation formal and systematic. Having been impressed by the MD's move, he said: "Initially, the blessing from the top was there in a big way". He further added that the BSC was initiated in the company 4–5 years back, mainly through the MD's desire for trying out new things. He emphasised: "Our MD is a person who is constantly in search of change". The arrival of the GFD represented an arrival of professionalism, which had hardly ever been there. He became not only an agent of the owner's capital but also an agent of CIMA (SL). However, GFD had to struggle between his own professional background and the power of the owner and his capital. Nevertheless, at the initial stage of implementation of BSC, the MD's initial attraction coincided with the power of professionalism brought by the GFD, the power developed and sustained by CIMA (SL).

Involvement of Consultant

The GFD commented that, in search of a new technique, the MD's interest in the BSC was raised by the workshops organised by CIMA and that, on behalf of MD, he attended most of these workshops. In line with the MD's ideology, the GFD had identified the potential capability of transforming an informal organisation into a formal entity by means of implementing the BSC. The GFD said: "the MD's dream of making this company a formal one was realised through my inputs from these workshops". His participation in the series of workshops marked a historical event when he was impressed by the presentation of an FC. This impression was crucial because, when the MD thought that the BSC project must be introduced in a big way, he was confronted with the issue of how the process could be facilitated. Getting the FC, the GFD thought, was an ideal solution.

The consultant, Mr. Alan Fell, is a retired banker who had been with NATWEST (UK) for well over 30 years. Since 1996, he has been a management consultant in performance management, especially the BSC. He himself counts 24 years of experience in performance management, and he gained wide exposure in international conferences, seminars and workshops. He had facilitated projects on the implementation of the BSC in several countries, including the UK, Dubai and Sri Lanka. By the time we visited Alpha, we came to know that Mr. Fell had visited Sri Lanka on several occasions to undertake consultancy assignments, and had facilitated a number of BSC workshops. He had also initiated a project for the Merchant Bank of Sri Lanka[8] and had facilitated a few workshops for the Distance Learning Centre (Colombo). For the MD, getting a white consultant was rather important. The GFD commented on this: "MD must have thought that a white consultant can do anything. That is how we always think, you know". As many others said, MD had thought that other managers would be persuaded about BSC when a foreign, white consultant led the project.

The MD met the consultant and negotiated for the project. The consultant agreed to do this for a "big" fee. The GFD said: "It was really a big amount. Otherwise, it was difficult to hiring such an attractive person". The first task of the consultant was to brief the senior management about the framework of the BSC and, in turn, to educate the employees. In doing so, he had an initial thought of keeping the accountants away from the project, which did not materialise in the end.[9] As the GFD said, his argument must have been the one that conventional accountants are unaware of new techniques such as BSC so that their strong beliefs in conventional techniques would impair the momentum of the project. The GFD commented: "He thought that accountants did not know about BSC. Even though they did not do it for their professional exams, CIMA keeps them informed of all these new things. But, eventually, accountants matter". Nevertheless, the initial leadership of the project was vested in the hands of the consultant. Full blessing for the project (and its methodology) came from the MD so that the consultant's expectation for keeping the accountants away materialised at the initial stage.

The arrangement with the consultant, therefore, created a need for the use of the BSC at Alpha. The decision to implement it, and the way it was implemented, were not driven by the needs of business, such as the need of a balanced approach to address the growing complexity of business and business environment. Instead, an artificial need was developed from an ad hoc decision based on the intuitive appeal of the writings of Kaplan and his followers (picking from the USA) and the one-sided ("positive") emphasis of the consultant on the use of the BSC. The rationality was the need for making the informality a formality. This laid the foundation. From a technical perspective, the GFD added: "A good foundation was laid for the implementation". For this to happen, the company had spent a sizable amount of money on consultancy, and they employed a full-time project assistant to handle the function of reporting in the BSC project.

The consultant's methodology was directive rather than participative. The GFD contended: "He wanted to tell us what to do. He did not want to ask us how to do. He had that commanding power". Following this approach, he conducted a series of workshops for managers: the aim was to educate them on the concept, approach and the process. With few critical analyses as to how this technique can be applied to this particular context, the consultant tried to impose the Kaplan and Norton (1992) model onto Alpha. Even though the idea of performance management has to be focused on workers on the shop-floor, as the literature suggests (Argyris, 1952; Brownell, 1982), the consultant did not pay attention to educating the shop-floor workers about the new change or even to informing them of it. Instead, the consultant used to direct the functional managers to believe in the fad of BSC.

Along with the "rise of BSC", we were interested in understanding what actually happened to the management control system. We were told by the respondents that this BSC project was confined to the levels of management rather than penetrating into the day-to-day life of the shop floor workers. The GFD commented: "This is a management project, not a control project. It is about collecting data and providing information on line. This was about performance measurements at management level not about using those measures to control people. Workers and operators were not aware of this at all". This indicates that the "rise of BSC" is attributed to a change in the information processing from the conventional financial perspective to emerging multiple perspectives. This change is also linked to strategic management processes, including setting of goals and targets and defining of objectives and strategies. Thus the BSC was emerging and concentrating on this information processing function rather than influencing the mundane tasks of the shop floor workers. In other words, along with the rise of BSC, the project was not fully implemented as an effective management control system. Even though it is argued that a management control system in a work organisation aims to control and exploit the labour (see Armstrong, 1987), this BSC project was not developed into this controlling role.

Despite this predicament, we have seen that "the rise of BSC" is attributed to several factors. Both the popularising programme of the CIMA (SL), and the services of a consultant are linked to a global construction of knowledge in the BSC. This is a global project in that the knowledge of the BSC was developed in the centre and practices are being diffused worldwide including in developing countries. The "centre" is powerful, in that the concept has been coined by US academics and consultants, the technique has been tested and applied in large multinational enterprises, and that practices have been diffused by an international consultant and the CIMA. Within the Sri Lankan periphery, local CIMA division, CIMA members, local business leaders, local universities, local business press and local consultants have played an unprecedented role in making the BSC technique an effective management control system. This inflow of global power into a local organisational setting suggests that global knowledge can be an enabling discourse towards colonising traditional forms of business enterprises and dominating established professional identities within organisations. While this is so, a long-lasting marriage between the global and the local can be a precondition for the diffusion of BSC knowledge in a periphery, and for sustaining its practices towards better organisational performance (see Jones & Dugdale, 2002; Ax & Bjornenak, 2005; Lehman, 2005). There is an empirical issue about this precondition. How does the periphery react to the "rise of BSC?"

FALL OF BSC

Implicated Conflict between GFD and Consultant

We have seen that the GFD and the consultant had a conflict due to competing interests and different identities. The GFD, as a professionally qualified accountant, wanted to be the leader of the BSC project. He showed this: "BSC is an accounting technique. Performance measurement, management control, setting budget targets they are all accounting. The jobs related to these areas are accounting jobs, I mean our jobs. We know how to deal with these. Above all, as we have the local knowledge, we are well above, and professional". For the GFD, this ideology had fired an interest in taking up the leadership of the project. This interest was also linked to a social identity, which stemmed from the professional status of management accountants in Sri Lanka. The defining characteristic of the Sri Lankan accountants has been that they are not only professionally qualified with a far-reaching recognition, but also they bear social status akin to other two "prestigious" professions: doctors and engineers (see Perera, 1975). The identity of accountants, therefore, is social rather than organisational, and when they come to interact with organisational circumstances, they are used to exploiting social recognition for the construction of organisational identity. The GFD is not an exception to this social and organisational reality; in every respect, he is a Sri Lankan accountant. He said: "We can go anywhere. We are recognised by anybody. But I like to be here developing this accounting model. I am sure that this company will benefit from it". The power developed around the interest to be leading the project and the social identity of the accounting profession, as we have seen, came to operate in an arena of struggle, as the FC also had an interest and identity.

Foreignness itself gave rise to a prestigious and elite position for the consultant. Head of Sales/Distribution commented: "You know, when we have a foreigner, we always respect him, not because of his knowledge but because of his colour. Mr. Fell was very good and talented. Also he is knowledgeable. But the point is that we can find a similar person here, but such a person would not be that influential". It is a commonly held view that the culture inborn in the Sri Lanka corporate world is such that a foreigner coming from England (not from the UK) counts much for his/her credit, irrespective of the professional qualifications s/he has. On the grounds that a consultant is English (British), the firms in Sri Lanka are prepared to pay a premium fee. Not only does such a consultant earn a lot, but also gains much recognition, both at social and organisational levels. As is argued elsewhere, this must be due to the legacy of imperialism (Wickramasinghe & Hopper, 2004b). Mr. Fell unexpectedly enjoyed this "social facility". He had the chance of convincing the MD; he became the consultant for a sizable amount of money; and he came to challenge the accountant by asking to keep him apart from the BSC project.

There really is an implicated arena of struggle, a struggle between the GFD and the consultant. This is implicated because the scenes of the struggle are little visible. The language used by the GFD is implicit. This creates a competing view against the role played by the consultant. The GFD said: "Despite the fact that the foreign consultant had stipulated to leave the accountants out of the scene, but for my active involvement, the BSC would not have taken off from the ground". Almost all the interviews we had with the GFD led us to believe that the BSC is a project led by the accountants. The GFD believed that, besides deciding the KPIs for the different perspectives, he had to play a significant role. He said: "Knowledge on the part of the non-finance managers pertaining to these aspects is particularly low". He continued: We know what is happening here. Not the people outside the company". The implicit meaning is that not only is the BSC project, a territory of the accountants, but also the arena in which the accountants operate is one of local professionals, not of FCs. The consultant's job was to introduce the system and to leave the implementation part to the managers.

While this conflict was so, the consultant left Alpha, and the accountant gradually possessed the ownership of the project. The consultant left Alpha

not because of this struggle but because of the perception of the MD. The GFD said: "The MD always wants quick results. As the BSC project did not produce quick results, I mean better performance, he did not want to pay that much for the project. So, Mr. Fell was made to leave the project much earlier. But there is no problem. We are capable of doing the same or more than that". At this juncture, we realised that the accounting personnel were enthusiastic for the continuation of the project. However, as will be shown later, this enthusiasm was not fulfilled.

It seems that the global project had been transformed into a local power struggle. This power struggle had operated in a tacit way, which represents the silence of management practices. The interviewees did not use direct language to describe a struggle, but their gestures, body language, and justifications implicitly it. Accountants portrayed their position, and justified that the BSC project is their property. The property is a resource bought for a large amount of money. The seller had left the property. The GFD naturally looked to being in. The command of accountants was also justified by other non-accounting managers who expressed the view that BSC is nothing else but accounting. The "cold struggle" between the GFD and the consultant ended by having to control this resource. The events of the Consultant's leaving and the mobilisation of the power to control the resource are the outcome of the struggle. But this was not the end of the struggle. If this scenario ended the struggle, BSC must have been institutionalised; the perspectives and their performance indicators must have been the key features in the management system; having interfered with a substantial amount of fixing and re-fixing, everything in BSC must have been developed as rules of practice. These did not occur, however.

Reflections of Struggles between Accountants and Non-Accountants

The direction of the GFD for the implementation of the BSC project brought together all the FMs and accountants in two subsidiaries. The GFD said: "Unlike Mr. Fell, I wanted to get everybody on board. BSC's idea is that. Otherwise, how can we develop different perspectives for balancing them together? I started the project again with a fresh mind". We came to know that, having defined what the perspectives are, the accounting team began to engage in the projects of setting goals, fixing targets and identifying KPIs. This involved a series of meetings with non-finance, non-accounting managers. Now, non-accounting personnel were supposed to produce necessary information at these meetings. One marketing manager said: "Earlier we got information from the accountants. Now we are supposed to provide information to them. It's OK if they get data from us and provide information back to us. So, we have an additional burden to send reports, etc.". The discussions at these meetings were political, and the execution of this process was controversial. The HR manager said: "We provide information to accountants on labour turnover, development of HR skills, staff training, staff motivation etc., but have never seen the Company's overall BSC". He continued: "You know the collection of information is not our priority. We do have to deal with our own problems such as pay and disciplinary actions. For the collection of information for BSC, we need to go an extra mile. So, my people should be motivated do so. Our people have to be educated on this. Accounting people have to market this to non-finance people". At another point, the HR managers pointed out: "...the reason is that the BSC mainly deals with figures. Even on the non-financial perspective, there are a lot of ratios and figures. ...it appears to have an accounting initiative". One factory manager said: "If a company is to successfully implant the BSC, all the areas should cooperate, and the data from all the departments should be streamlined. If not, they will not reflect the whole organisation. Instead, they would represent one or two sections. Everybody should be involved in the process. If not, a particular area or a perspective would not be complete, and it would be unbalanced". This is an issue of getting the non-accountants on board. The difficulty reflects a silent struggle between the accountants and non-accountants.

This had created another arena of struggle between accounting and non-accounting personnel. The source of this struggle is social rather than organisational. It is the social construction of identity for different organisational professionals. The determinative factor in the definition of identity is the labour division of professional personnel, which initially occurs within professional and higher educational institutions (Jayawardana, 2000). At the level of professional bodies, professions are divided as medicine, engineering, accounting, marketing, HRM, law and so forth. The respective institutions continuously maintain their professional identity and social status through engaged and intensive strategies. At the level of higher education, national universities in Sri Lanka have persistently adopted a strategy of divisions. For instance, at a state university, with one academic department, Law is a faculty rather than a department of the Faculty of Social Sciences, and the former Department of Commerce became a faculty by dividing the same subject matter into commerce and business administration. Similarly, those who do social science subjects for the university entrance examination (GCE Advanced Level) are not allowed to study

commerce or business administration programmes at the university. To education policy makers, commerce and business administration are not social sciences (UGC Student Handbook, 2003). Recently, there was a struggle to admit the students with no A/L accounting into the faculties of management. The struggle ended with a rule that everybody must do accounting if they want to do a management-related degree (UGC Student Handbook, 2003).

The social construction of the professional identity is reproduced at the organisational level. The formal organisation structure within firms is the best agency environment for these professionals to sustain their social identity. When we closely reviewed the organisation structure of Alpha, we came to know that Marketing and Distribution is a separate territory where the marketing profession is well recognised and respected. Engineering (factory) is another territory with a distinct identity, where engineering rationality is reproduced. Between territories, professional rivalries operate in a silent way: people do not talk about these rivalries openly, but they implicate them from their gestures and symbolic interactions (cf. Armstrong, 1985; Wickramasinghe & Hopper, 2004b). Viewed from this angle, there are rivalries between accountants and marketers, between engineers and accountants, between HR personnel and accountants, and now between IT personnel and everybody else. The effort in the implementation of BSC in Alpha represents this social construction of professional rivalry. However, the main thrust and the striving principle in BSC are about getting everybody on board. This must coincide with a network of social relations enabling an arena of operation for all professionals to play an agency role collectively. But in Alpha, what has really happened is that BSC has become a game of the functional managers, as opposed to a collective effort for strategic thinking.

In Alpha, this arena of operation itself is a standing condition that creates unintended outcomes. The construction of the sensible rules of practice for sustaining the BSC project has been far from satisfactory. Owing to the struggles at the level of agency, it has been hard to mobilise the BSC project for achieving better social integration, and it has been harder to achieve at least a fraction of system integration. Instead, "possible" elements of BSC have come to be rules of practice. In the face of struggles between accountants and non-accounting functional managers, what became "possible" was mainly the financial perspective. Even within the distribution company, measures such as "profit per dealer", "sales per dealer" and "profit per product line" became important. Endless effort to develop measures such as Customer Dissatisfaction Index or Delivery Time Index ended up with no substantial inputs into the overall BSC. As was mentioned earlier, the inputs from HR managers were not transformed into ultimate measures and targets, as they did not conform to a predetermined vision and an organisation-wide strategy. Instead, Alpha's BSC project has reinvented the conventional management accountant.

Relevance Found: MD's Rationale

As we mentioned earlier, the expected rules of practice to be developed from the BSC project were to formalise the informality that persisted in the family-based organisation. In addition to the assumptions implicit in the BSC model (Norreklit, 2002, 2003), the MD had assumed that the involvement of the FC would enable the company to obtain an unprecedented agency service for the establishment of this management system. He also assumed that all the professionals, irrespective of their areas of specialisation, would accept the system uncritically. One senior manager commented: "The MD has been keen on doing new things to bring a new culture. He has also been thinking that foreign methods and foreign consultants can do better". As was mentioned by a number of senior managers, the MD believed that, with this initiative, Alpha would be a firm similar in form and status to General Electric, but time passed. After five years, the expectations, inspirations, and assumptions did not materialise in their ideal form. The BSC approach to management control did not get integrated into a well-accepted, well-managed performance management system. The MD was disappointed with the predicament in which Alpha found itself. He lost his interest in, and devotion to, the establishment of the BSC project. The Management Accountant observed: "Five years ago, we were thought that BSC could do everything. As long as this model involves developing non-financial perspectives, it is hard to get information from those non-financial people. After all, the MD lost his enthusiasm because of this problem. I mean the problem of getting all the boxes right". Following the MD's disappointment, other non-financial managers gradually broke off. A non-finance manager said: "We thought that this was not a thing that could succeed. But there are other things that we could do better". They tended to rationalise the MD's disappointment.

In relation to this disappointment, we were told that the MD did what he wanted to do rather than consulting the other senior managers to determine the best action. In this, there is a cultural rather than a rational effect as well. Most young Sri Lankan entrepreneurs are brought up through family

relations, in which "economic rationalities" are constructed (Jayawardana, 2000; Gamage, 2004). The rationale is that the business must be looked after by the owner rather than the manager, and the owner must do what s/he wants to do, as opposed to leaving everything to the manager. Thus, significant decisions are made at "private" family meetings rather than at formal boards. Such family relations are similar in most East Asian enterprises (see Hamilton & Biggart, 1986; Numazaki, 1987), and they naturally facilitate the diverse forms of calculations and peculiar modes of rationalities (cf. Berger, 1987). This does not mean that family influence is the overarching explanation. Rather, while internal struggles, professional identity crises and MD's influencing power are present as determinating factors, the dominance of familial relations is partly influential in the fall of BSC. The GFD once said: "The MD does whatever he wants. He is the owner". The CEO in the distribution company observed: "It is difficult to develop a highly formal structure in this company, as this is a family concern". So, for the purpose of controlling the resources, the CEOs and other functional managers then come to support whatever programme the MD introduces.

The MD continued searching for new techniques. In search of "excellence", he found a series of companion management techniques as sensible choices, TQM, 5S, 6Sigma and NQA, which were tested alongside the BSC project. The CEO in the distribution company said: "The MD is a clever person. He knows many things. He has no worry about the BSC project. Instead, we have been testing and rejecting many things". Adoption of such endless management fads indicates, on the one hand, the MD's superior power of capital and family relations and, on the other, the inclination of the other managers to follow what the MD thinks. The MD's personal desire to bring "new" methods and techniques into the firm appears to be dominating, both on the family front and the Company's board. The CEO went to say: "At the Board, we make decisions, but they originally come from the family. All sorts of professionals tend to agree". Consequently, Alpha has ended up with a bundle of projects being implemented simultaneously. The DO said to us: "*We are now successful in implementation of NQA and TQM. We won ISO 9000. Some other things …are also on the way to be successful*". It appears that Alpha is a centre for experimenting with new management methods. The MD's rationality about this approach is, as the DO portrayed, that "*…new things pave the way forward*". Almost all managers now began to change their stance, arguing for "new techniques" that the MD proposed. The MD would not be wrong. He has always been driven by the bottom line, which matters for his family concern. The Management Accountant observed: "Finally, we come back to the conventional way of looking at the business, that is, only from financial perspective. I think it is still strong and unavoidable. Through BSC, we tried to link other things as well. But it is not that that easy". The accountants continued with the project as an accounting tool, while the MD looked to other methods. To everybody, the business is going well!

Ultimate Outcomes

Whilst such a tacit form of power struggle operates, the ultimate outcome of the BSC project has less significance. Several elements of this are vital. First, the project has generated an information culture, which is characterised by an overload of information flowing through the organisation in an unsystematic manner. One of our respondents noted: "...endless reports are generated, but people don't read them. The ERP and Corvu programs do this for their own sake!". What strikes us is that, for the implementation of BSC, Alpha spent a large amount of money to install ERP and Corvu programmes, but the reports generated by the system do not serve decision making and control purposes. The respondent continued: "Information is now online. Everybody can see it". But because information can be seen by everybody, non-financial managers do not provide crucial and useful information for decision-making and control. One manager pointed out: "With the fear of getting things highlighted, non-financial managers do not cooperate to provide crucial information". Non-financial managers tend to presume that BSC is the mechanism revealing information which must not be disclosed to the others, especially top managers. However, as long as the software programmes are in place, with the pride of IT people, there is a routine of generating reports, whatever they are. The role of IT people is to deploy the programmes. The role of the programmes is to generate reports. The purpose of reports, however, is disoriented or unknown. Instead, a culture has now emerged to live with "cockpit charts" – a facility brought about by the Corvu. These came to highlight essentials of business performance,[10] subject to non-financial managers" reluctance to reveal the information that would highlight their performance issues.

Second is overlapping of competing techniques introduced in the aftermath of the BSC project. This represents another arena of struggle. These techniques come from different sources with competitive and repetitive agendas. Six Sigma has been led by DO, who picked up this idea from his postgraduate studies in another country. For ISO proponents, TQM has to be recognised as an essential pre-requisite. ISO has gained

much popularity among the local firms, as the Sri Lanka Standards Institute is marked by a set of procedures drawn from international consulting bodies. ISO 9000, above all, has been a fashion for many firms to certify their managerial and economic "distinctiveness". Alpha has become a commonplace for never-ending flows of techniques and programmes into its control system. The point that they emerge from different sources is vital to recognise why overlapping techniques do not replace each other. The MD has been free from anxiety in the arrival and implementation of such techniques. The managers subordinated to the MD tend to follow the same path as he takes, because the central power lies in his "capital hand", as opposed to an institutionalised, formal organisational system that would guarantee objective measures of control. The Head of Marketing asserted: "We are having so many projects at the same time, which may do something". The implicated, ultimate rationality conforms to the impression that Alpha persists as a "garbage can", with divergent decision-making and control systems (cf. March & Olsen, 1976).

Third, in this "garbage can", the financial perspective appears to be still predominant. On the one hand, the MD's emphasis on short-term financial targets such as functional profitability and regular sales levels gets prioritised. Following the position that the MD holds, subordinates naturally tend to highlight that "ultimately profit matters". In Alpha, other perspectives around the scorecard have come to be symbols that legitimise the persistence of the financial perspective. On the other hand, the accountants and FMs in Alpha have come to be reconstituted as "important people", without whom the BSC project cannot be implemented. However, this "importance" is masked by different perspectives around scorecards, but the reality represents a refocus on the financial perspective. Proponents of BSC anticipated the central focus on the financial perspective would be shared and redistributed among the other perspectives. The story of Alpha highlights that the accountants have kept their fundamental domain of power – the financial perspective – away from the non-financial managers, and the BSC project has inadvertently served this purpose. The nature of BSC in Alpha has become lopsided, but the other techniques were not robust enough to replace the idea of BSC because it is hinged upon one visible, measurable, and unavoidable fundamental – the financial perspective. The FM of the distribution company claimed: "The company is not practising the real BSC. The text book stuff does not appear here. In essence, it is 100% financial information!".

An incontrovertible piece of evidence is budgeting. The BSC project has not been capable enough to replace the budgetary control system, and it persists as an effective method of organisational control. One FM revealed: "We are putting high emphasis on this. In the monthly management accounts, budgets and variances are reported. Top management takes this very seriously". According to him, this has been institutionalised as an organisation-wide control system. In the factory, a range of functional budgets is prepared: from R&D to Quality Assurance, from Design and Development to Production, from HR to Finance and from Administration to IT. In the distribution company, budgets are prepared for monitoring sales in different provinces. FMs lead the process, provide technical support and maintain overall coordination. The functional budgets are consolidated into the master budget, again under the purview of financial managers. Functional budgets are also subject to variance analysis, in which the managers emphasise material variances in the factory and distribution variances (dealer distribution, distributor distribution, electric item distribution and retail sector coverage) in the distribution company. The calculated variances get highlighted at periodic meetings, and e-mail requests are made to gather verifiable explanations for them. The FMs are proud of having two parallel control systems: the budgetary control system and BSC. They are pleased about this duality, in that "both do monitoring", as the FM observed.

We have seen that the "fall of BSC" equates to a set of struggles between the consultant and the accounting personnel and between accounting personnel and non-accounting personnel. As a result, despite the second attempt of the accountants, the project did not go well. As the MD (and his family) saw that there was no any effect on the bottom line, apart from Corvu-based information processing for performance indicators, the BSC project was disappearing. In place of this, a number of other management fads were being experimented. While this was so, the budgeting and financial-based control system persisted.

CONCLUSIONS

At the outset, we raised two main questions. How are the "new" management accounting techniques diffused from the "centre" to a particular periphery? How does a peripheral context react to the implementation of one such technique? The first question underlies a theme of knowledge diffusion, globalisation and "new" accounting techniques. From our theoretical reflections, we discerned that knowledge diffusion programmes and globalisation projects come together to form a powerful "empire" in the centre, having power and intention to influence the periphery. Around "new" management accounting techniques such as BSC and ABC, such an "empire" developed through a number of relationships and activities. In the case of the Sri Lankan BSC project, we observed how the influence of Western consultants, the popularising programme of the CIMA (SL) and the enthusiasm of local consultants and CIMA members have developed an "empire". As a local periphery, Alpha was subject to the influence of this "empire" through the knowledge diffusion programme. A British consultant took on its leadership.

The second question explores a theme of organisational and individual reactions in terms of professional identity construction, struggles between competing professions, owner-manager's self-conceptions about management fads and the influence of family relations. These mechanisms of reactions were complex, and they were socially and culturally constructed. At one level, there was a struggle between the FC and the GFD due to competing personal and professional identities and interests. At another level, there was a struggle between the accounting and non-accounting personnel, again due to their uncongenial identities and interests. With this background of struggles, the technique of the BSC ended up with an information-processing function rather than a management control system, which was not supported by the non-accounting personnel. While the BSC reinvented the conventional budgetary control system and the financial significance of performance measurements, the MD paid his attention to other management fads. Finally, in the name of BSC, only some residuals remained live through the Corvu system with little impact on management control.

The implications for the domain of public interest is that even though the globalisation project retains its influence through which knowledge is diffused from the "centre" to the periphery, the diffusion of knowledge and the practices of underlying disciplines, methods and techniques produce complex, uneven and undesirable patterns. The proponents of globalisation believe that although the world is coming to be interconnected in every sense, through which social and economic prosperity is brought, some geographical areas still remain remote and problematic. The "empire" being built for colonising local socio-cultural and organisational institutions still seems to be unsuccessful in some areas. The case of the BSC project in Sri Lanka is an exemplar for this proposition. The project neither rendered an effective management control system nor did it establish knowledge of how systems are developed and maintained. The functionalism claimed by the globalisation project did not bridge the complexities persistent in the local case. Instead, the implementation of the project took the opportunity to reproduce and manifest those socio-cultural and organisational complexities. Especially, the difficulty of bridging professional identities has dominated this case. This offers a lesson for many other firms intending to implement new management accounting techniques such as BSC.

While providing an atypical case in a developing country, the evidence supports the propositions that globalisation does not produce uniform and unidirectional systems (Hirst & Thompson, 1999; Held et al., 1999) and that the global systems confront contradiction and resistance (Boyce, 2002). This also supports the argument that convergence in management accounting practices is possible only at the macro-level, and it is difficult at the micro-level (Granlund & Lukka, 1998). Moreover, despite our not focusing on the technical faults of BSC, the evidence could be compared and contrasted with the findings of Jones and Dugdale (2002) and Major and Hopper (2005) who concluded that "new" management accounting techniques become vulnerable to operational failures and design faults as they are disturbed by mistrust and rivalry. Such comparative analyses must be left to future work.

NOTES

1. The top managers wished their company to remain anonymous.
2. These include Japanese 5s programme, 6 Sigma programme brought in by a functional head and TQM initiative.
3. The father of the MD was a businessman with a background of basic education.
4. With our sincere gratitude, we acknowledge the contribution of these students.
5. Knowledge includes all scientific rationalities, innovations, and new ideas (see Knorr-Centina, 1981).
6. As will be seen later, the paradox, however, is that the accountants cannot implement BSC unless such a project is supported by the CEO.
7. He is the first accounting professional to be recruited in the 20-year history of Alpha.
8. The MD at this bank said: "The BSC seed was germinated at MBSL when the BSC consultant Alan Fell made an introductory presentation to the MBSL management" (The Island, 7th February 2004).
9. In addition to Fell, Mr. Manilka Fernando, who gave seminars at CIMA workshops, was also involved in the process.
10. These charts are graphical presentations of the various aspects of the performance of the company. Managers have been attracted to them just because they are easy to understand.

ACKNOWLEDGMENT

Authors are grateful to the participants in the fieldwork who were helpful and corporative and appreciate the beneficial comments provided on an earlier version of the paper by participants to *Critical Perspectives on Accounting Conference*, New York, 31 March – 2 April, 2005. We are particularly thankful to Trevor Hopper, Bob Scapens and the reviewers who provided encouraging comments to improve the paper.

REFERENCES

Argyris, C. (1952). *The impact of budget on people*. New York: Controllership Foundation.

Armstrong, P. (1985). Changing management control strategies: The role of competition between accountancy and other organisational professions. *Accounting, Organizations and Society*, *10*(2), 129–148.

Armstrong, P. (1987). The rise of accounting controls in British capitalist enterprises. *Accounting, Organizations and Society*, *12*(5), 415–436.

Armstrong, P. (2002). The cost of activity-based management: *Accounting, Organizations and Society*, *27*(2), 99–120.

Ax, C., & Bjornenak, T. (2005). Bundling and diffusion of management accounting innovations – the case of the balanced scorecard in Sweden. *Management Accounting Research*, *16*(1), 1–20.

Berger, P. (1987). *The capitalist revolution*. London: Wildwood.

Bjornenak, T. (1997). Diffusion and accounting: The case of ABC in Norway. *Management Accounting Research*, *8*(1), 3–17.

Blumer, H. (1978). Methodological principles of empirical science. In: N. K. Denzin (Ed.), *Sociological methods: A sourcebook*. London: McGraw Hill.

Boyce, G. (2002). Now and then: Revolution of higher education. *Critical Perspectives on Accounting*, *13*(5), 575–601.

Brownell, P. (1982). The role of accounting data in performance evaluation, budgetary participation, and organisational effectiveness. *Journal of Accounting Research*, *20*(1), 12–27.

Caramanis, C. V. (2002). The interplay between professional groups, the state and supranational agents: Pax Americana in the age of globalisation. *Accounting, Organizations and Society*, *27*(5), 379–408.

Chomsky, N. (1989). *Necessary illusions: Thought control in democratic societies*. London: Pluto.

Chua, W. F. (1986). Radical development in accounting thought. *The Accounting Review* (October), 1–22.

CIMA. (SL) Division. (1994–2002). *Annual Reports*, Colombo.

Clegg, S. R., Hardy, C., & Nord, W. R. (1996). *Handbook of organisation studies*. London: Sage.

Feyerabend, P. K. (1975). *Against method: Outline of an anarchistic theory of knowledge*. Atlantic Highlands, NJ: Humanities Press.

Fonseka, A. T. (2001). Applying the balanced scorecard framework to tea export firms of Sri Lanka. *Sri Lanka Journal of Management*, *16*(3/4), 78–94.

Fonseka, A. T. (2002). Applying the balanced scorecard framework to rubber goods manufacturing and exporting firms of Sri Lanka. *Sri Lankan Journal of Management*, *17*(1/2), 2–20.

Foucault, M. (1986). Disciplinary power and subjection. In: S. Lukes (Ed.), *Power* (pp. 229–241). Oxford: Blackwell.

Gallhofer, S., & Haslam, J. (2006). The accounting-globalisation interaction: an overview with some reflections on the neglected dimension of emancipatory potentiality. *Critical Perspectives on Accounting*, *17*(7), 903–934.

Gamage, R. (2004). *Entrepreneurs in Sri Lanka*. Ph.D. thesis, University of Queensland, Australia.

Granlund, M., & Lukka, K. (1998). It's a small world of management accounting practices. *Journal of Management Accounting*, *10*, 153–179.

Hamilton, G. G., & Biggart, N. W. (1986). Market, culture and authority: A comparative analysis of management and organisations in the Far East. In: C. Winship & S. Rosen (Eds), *Organisations and institutions: Sociological approaches to the analysis of social structure*. Chicago, IL: University of Chicago Press.

Held, D., McGrew, A., Goldblatt, D., & Perraton, J. (1999). *Global transformation*. Cambridge: Polity Press.

Hirst, P., & Thompson, G. (1999). *Globalization in question* (2nd ed.). Cambridge: Polity Press.

Jayawardana, K. (2000). *No bodies to somebodies: The rise of the colonial bourgeoisie in Sri Lanka*. Colombo, Sri Lanka: Social Scientists Association.

Johnson, H. T., & Kaplan, R. S. (1987). *Relevance lost – rise and fall of management accounting*. Boston, MA: Harvard Business School Press.

Jones, T. C., & Dugdale, D. (2002). The ABC bandwagon and the juggernaut of modernity. *Accounting, Organizations and Society*, *27*(2), 121–163.

Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard: Measures that drive performance. *Harvard Business Review* (January/February), 71–79.

Knorr-Centina, K. D. (1981). *The manufacture of knowledge*. Oxford, UK: Pergamon Press.

Kuhn, T. S. (1970). *The structure of scientific revolution* (2nd ed.). Chicago, IL: The University of Chicago Press.

Lehman, G. (2005). A critical perspective on the harmonisation of accounting in a globalising world. *Critical Perspectives on Accounting*, *16*(5), 975–992.

Loft, A. (1986). Towards a critical understanding of accounting: The case of cost accounting in the UK, 1914–1925. *Accounting, Organisations and Society*, *11*(2), 137–169.

Longino, H. (1990). *Science as social knowledge*. Princeton, NJ: Princeton University Press.

Major, M., & Hopper, T. (2005). Managers divided: Implementation of ABC in a Portuguese telecommunications company. *Management Accounting Research*, *16*(5), 205–229.

March, J. G., & Olsen, J. (1976). *Ambiguity and choice in organizations*. Bergen, Norway: Universitetsforlaget.

Merton, R. K. (1973). The normative structure of science. In: R. K. Merton (Ed.), *The sociology of knowledge*. Chicago, IL: The University of Chicago Press.

Miller, P., & O'Leary, T. (1993). Accounting expertise and the politics of the product. *Accounting, Organizations and Society*, *18*(2/3), 187–206.

Mintzberg, H. (1983). *Structure in fives: Designing effective organizations*. New Jersey: Prentice Hall.

Mitchell, A., Sikka, P., & Wilmott, H. (2001). Policing knowledge by the law: Critical accounting and the politics of dissemination. *Critical Perspectives on Accounting*, *12*(5), 527–555.

Morgan, G. (1983). Social science and accounting research: A commentary on Tomkins and Groves. *Accounting, Organizations and Society*, *8*(4/5), 385–388.

Norreklit, H. (2002). The balance on the balanced scorecard: A critical analysis of some of its assumptions. *Management Accounting Research*, *11*(2), 65–88.

Norreklit, H. (2003). The balanced scorecard: What is the score? A rhetorical analysis of balanced scorecards. *Accounting, Organisations and Society*, *28*(5), 591–619.

Numazaki, I. (1987). Enterprise groups in Taiwan. *Shoken Keizai*, *16*, 15–23.

Perera, M. H. B. (1975). Accounting and its environment in Sri Lanka. *Abacus*, *11*, 85–96.

Porter, M. (1985). *Competitive advantage*. New York: Free Press.

Poullaos, C. (2004). Globalisation, accounting critique and the university. *Critical Perspectives on Accounting*, *15*(5), 715–730.

Puxty, T., & Tinker, T. (1995). Policing accounting: The sociology of knowledge as praxis. In: T. Puxty & T. Tinker (Eds), *Policing accounting knowledge: The market for excuses affair*. London: Paul Chapman.

Rogers, E. (1983). *The diffusion of innovations*. New York: Free Press.

Silverman, D. (2000). *Doing qualitative research: A practical handbook*. London: Sage.

Swan, J. A., & Newell, S. (1995). The role of professional associations in technology diffusion. *Organizations*, *16*(5), 847–874.

Thompson, J. B. (1990). *Ideology and modern culture: Critical social theory in the era of mass communication*. Cambridge: Polity Press.

Tomkins, C., & Groves, R. (1983a). The everyday accountant and researching his reality. *Accounting, Organizations and Society*, *8*(5), 361–374.

Tomkins, C., & Groves, R. (1983b). The everyday accountant and researching his reality: Further thoughts. *Accounting, Organizations and Society*, *8*(5), 407–415.

UGC. (2003). *Student handbook*. Colombo: UGC.

Webster, F. (1971). Communication and diffusion processes in industrial markets. *European Journal of Marketing*, *4*, 178–188.

Wickramasinghe, D., & Hopper, T. (2004). *Purification of management control in Sri Lankan oil refinery: substantive rationality of professional imperialism*. Working Paper, School of Accounting and Finance, The University of Manchester.

Williams, P. F., & Rodgers, J. L. (1995). The accounting review and the production of accounting knowledge. *Critical Perspectives on Accounting*, *6*(3), 263–287.

APPENDIX. FIVE STEP-INTERVIEW PROTOCOLS

1. *Overview of status quo of BSC in Sri Lanka*

Aim: To understand the role of CIMA in propagating the BSC, and the status of the BSC project in Sri Lanka.

Actors: Two officials from CIMA (SL), three consultants who have been engaged in the business of BSC, one official each from ICASL, OPA, CIM, SLIM, NIBM and Ceylon Chamber of Commerce.

Task completed: One-and-a half hour interviews with each official from CIMA (SL), perusal of available documentation including Annual Reports and Quarterly News Bulletins. A 2-h interview with one of the consultants, a 20-min interview with the other two consultants and another 15-min interview with each of the officials from the respective professional institutions other than CIMA.

Time period: December 2003.

Issues/remarks: very informative discussions, which revealed that CIMA (SL) has taken active initiatives to popularise the BSC project in Sri Lanka whereas the other professional bodies have paid little attention to this.

2. *Initial insight from company*

Aim: To understand the process in which BSC is used as a management tool within Alpha.

Actor: Group Finance Director (GFD).

Task completed: 2-h long interview, a review of available documentation in respect of the BSC project launched, an overview of the parallel management techniques being deployed, and an understanding of the nature of the organisational structure and its relations with the internal process of managerial reporting.

Time period: October 2003.

Issues/remarks: Respondent appeared to be very cooperative and expressed his willingness to provide any further information.

3. *Further explorations of BSC project*

Aims: To arrange further interviews with the other director and senior managers.

Actor: Group Finance Director (GFD).

Task completed: One to 2-h long interviews with directors and senior managers heading main divisions.

Time period: January 2004.

Issues/remarks: The directors and managers did not hesitate much to give appointments, though they wanted to have certain appointments revised due to their busy work schedules. The interviews ended up with fruitful discussions that gave us a rich insight.

4. *Further into central issues*

Aims: To ascertain how other directors and senior managers (both finance and non-finance) perceive the BSC.

Actors: Directors and senior managers heading the main divisions.

Task completed: 30–45 min interviews with each of them with a view to allowing them to interpret their world-view of the project. Accounts collected included backgrounds of the managers concerned, their views on the use of BSC, and their contributions to, and the benefits they got from the project.

Time period: February–March 2004.

Issues/remarks: Useful and interesting data collected. However, the statements of different managers became contradictory.

5. *Further explorations and clarifications*

Aims: To execute a process of data validation on the interviews conducted.

Actors: Directors and senior managers heading the main divisions.

Task completed: One-and-a-half hour interviews with each manager, which enabled collection of additional data. Visited all three offices: Head Office, distribution company, and factory. Data collected consisted of functions of each manager; understood relationship between the reporting system and system developed through BSC; concentrated on issues of shift of interest from BSC to other managerial fads.

Time period: July–September 2004.

Issues/remarks: Became an interesting phase of data collection and an opportunity to engage in cross validation of data collected.